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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 13, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

RE: 1998 Biennial Regulatory Review Spectrum Aggregation Limits for Wireless Telecommunications Carriers, WT Docket No. 98-205
Ex Parte

Dear Ms. Salas:

On August 13, 1999 Stephen Blust, Linda Lancaster, Frank Urbany and Ben Almond, all of BellSouth Corporation met in two separate meetings, first with members of the International Bureau (IB) and finally with Tom Sugrue, Chief of the Wireless Telecommunications Bureau (WTB) and some of his personnel, concerning the above referenced subject.

The attached document was used for discussion purposes. Please associate this notification and the accompanying material with the referenced docket proceeding.

In attendance for the IB were Richard B. Engelman and Henry A. Straube and for the second meeting with the WTB were James B. Schlichting, David Furth, David H. Krech and Pieter T. Leeuwen.

If there are any questions concerning this matter, please contact the undersigned.

Sincerely,

Ben G. Almond

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Vice President-Federal Regulatory

Attachment

Cc: Richard B. Engelman
Henry A. Straube
Tom Sugrue
James B. Schlichting
David Furth
David H. Krech
Pieter T. Leeuwen

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Ex Parte Presentation:

BellSouth Cellular Corp
FCC WT Docket No. 98-205
CMRS Spectrum Cap

August 13, 1999

FCC should immediately eliminate the 45 MHz CMRS Spectrum Cap

BellSouth Cellular Corp - 8/13/99, WT98-205

I. Removal of 45 MHz CMRS Cap is Good Spectrum Management Policy.

- Allows currently available spectrum to be used to accelerate roll-out of 3G services
- Near term deployment of 3G technology improves US position to influence vendors and international standards
- Capitalizes on the economies of scope and scale to expand services to areas where spectrum is currently not in use.

II. The CMRS industry is already very competitive.

- FCC's Fourth Annual Report underscores the growth and extent of CMRS competition
  - 74% POPs have at least five competitors in their BTA (pg20)
  - 95% POPs have at least one new entrant (PCS or ESMR) in operation (pg19)
- Prices for CMRS service have fallen significantly as a direct result of this competition

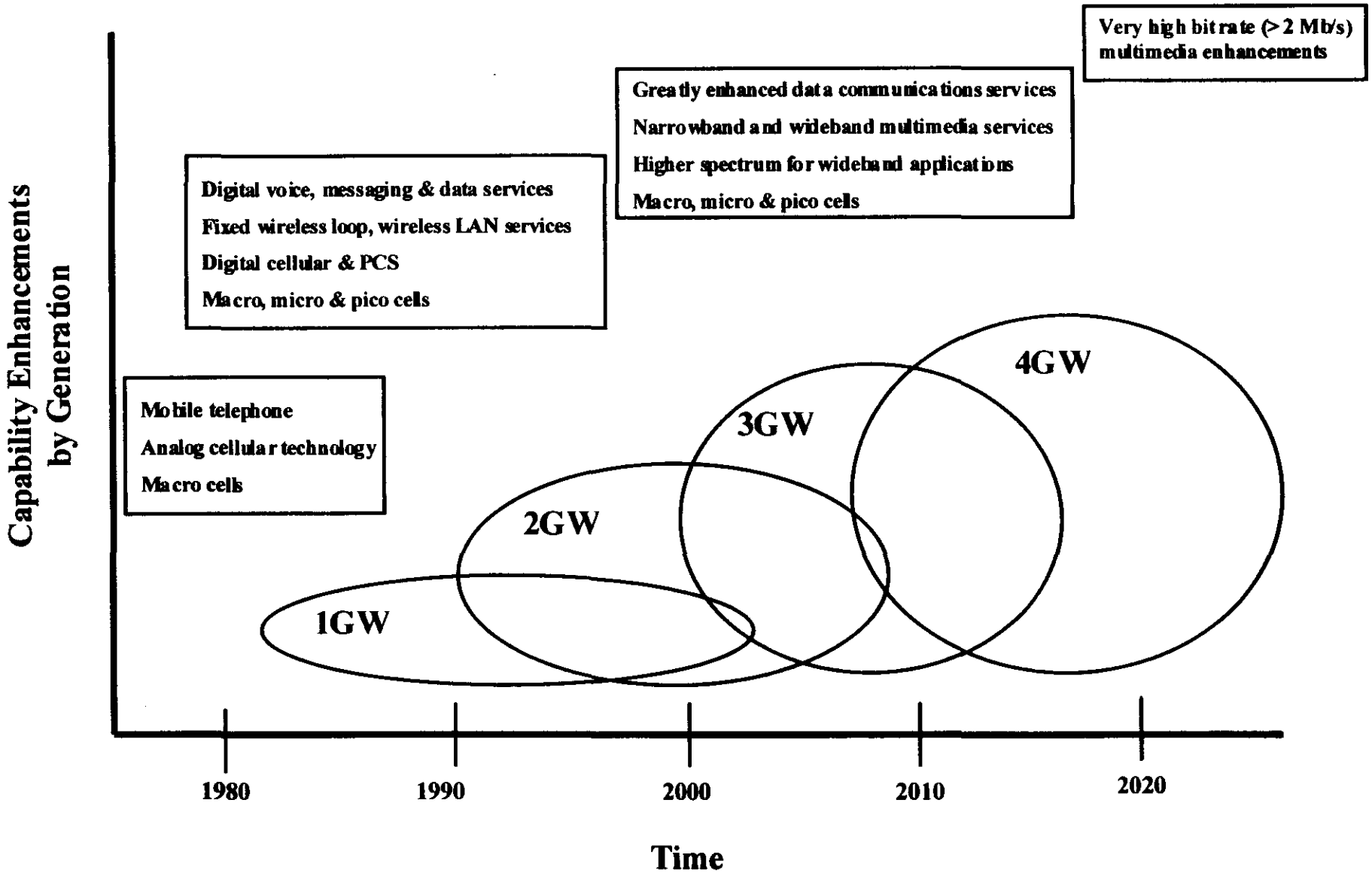
III. After further review, BellSouth concludes that sunseting the cap is not an appropriate compromise

- Migration timeline for 3G services demands spectrum be made available in early 2000
- Any delay imposed by a Future Sunset Date will:
  - Delay services to consumers
  - Negatively impact US position to influence 3G direction
- No evidence that delay in removing cap will strengthen competition or promote further price reduction (esp. rural areas)

III. After further review, BellSouth concludes that sunseting the cap is not an appropriate compromise

- Sunset provision if adopted may prevent timely response to early market triggers for third generation services that 2G systems cannot offer
  - Switched Data: (some in 2G but is 3G at 64kbit/s rate)
    - user bit rates up to 64 kbit/s circuit or packet switched
  - Asymmetrical Multimedia Services:
    - » High Multimedia: 2000 kbit/s and 128 kbit/s
    - » Medium Multimedia: 384 kbit/s and 64 kbit/s
  - Symmetrical Multimedia Services:
    - » Highly Interactive Multimedia: 128 kbit/s and 128 kbit/s
      384 kbit/s and 384 kbit/s

Generations of Terrestrial Commercial Wireless Systems



IV. Relationship of Spectrum to 3G Deployment Timing

- Third Generation (3G) technologies, also know as IMT-2000, require differing minimum amounts of spectrum to deploy first radio channel
    - UWC136 "Classic" Version: 2.6 + 2.6 MHz
    - UWC136 "Compact" Version: 0.8 + 0.8 MHz
        - (with a reduction in system capacity)
    - G3G CDMA Direct Spread: 5 + 5 MHz
    - G3G CDMA MultiCarrier: 5 + 5 MHz
- To meet market demand, multiple channels will be needed

IV. Relationship of Spectrum to 3G Deployment Timing

- The technology choice for 3G impacts the spectrum need; the spectrum availability constrains the technology choice
- Near term spectrum solution
  - Reuse of existing spectrum in my control by clearing
    - i.e., issue of moving my 1G and 2G users elsewhere to clear spectrum for new technology
      - where, how, and at what cost
  - Acquisition of additional spectrum
    - use for migration of 1G and 2G users or for 3G deployment directly

IV. Relationship of Spectrum to 3G Deployment Timing

- Business case for 3G is heavily dependent on resolution of these (and other) factors early in the analysis process to presage purchase decisions, contract negotiations, etc.
  - technology choice, spectrum availability and in what band(s), vendor equipment sequencing, and many other time sensitive factors are interrelated
- A USA First to Market Scenario (2002)
  - 3G system in service — Dec/2001
  - Availability of equipment — June/2001
  - Contracts for equipment — Sept/2000
  - Spectrum "in hand" — Early 2000

V. Adjustments in attribution and overlap rules are not sufficient incentives to encourage partnering.

- Industry trend is toward mergers and acquisitions, not partnerships
- Time to market for 3G would be negatively impacted
- Partnerships substantially increase business risks and complexity
  - Joint decision making
  - Pricing/Branding
  - Operational issues

BellSouth Cellular Corp - 8/13/99, WT98-205

VI. Other mechanisms exist to provide adequate protection against spectrum warehousing and abuse.

- Federal Antitrust laws continue to apply
- FCC application process provides case-by case opportunity for review
- Basic business economics will not allow meaningful abuse by carriers